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PUBLIC FINANCIAL MANAGEMENT AND EFFECTIVENESS IN MINISTRY OF FINANCE, PORT HARCOURT, RIVERS STATE, NIGERIA

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ABSTRACT
This study intends to determine the relationship between public financial management and effectiveness in the ministry of finance Port Harcourt, Rivers State, Nigeria. The dimensions of public finance are revenue and budget. The study used a cross-sectional research survey/design with the target population of 62 managers and supervisors in the Ministry of Finance Port Harcourt Rivers State which were also chosen as sample size. The questionnaire was distributed to 3 sections, cash/bank section, payroll section, and audit section. The total number of questionnaires distributed was 62 and 58 were retrieved of which 54 were found useful for the study. Spearman's rank-order correlation co-efficient statistical was used to test the stated hypothesis with the aid of SPSS. It was found that there was a positive and significant relationship between public financial management and effectiveness in the ministry of finance Port Harcourt, Rivers State. Based on the findings, the study recommends the following: The Ministry of Finance, Rivers State should ensure effective source of monthly and annual revenue/income. The MOF must ensure a well-prepared budget and budgetary control. The MOF, Rivers State must ensure well-prepared periodic audit and financial statement and must be held responsible to account for all public expenditures.
KEYWORDS*: Public Finance, Revenue, Budget, Effectiveness, Expenditure.*

1. INTRODUCTION

The Rivers State government has a lot of financial commitment and challenges to grapple with in a modern and dynamic society. As a responsible government entrusted with public funds to cater for her citizens the onus lies on her to effectively and judiciously allocate these scarce resources to solve the numerous financial needs of the citizens of Rivers State. Black (2003) opined that government expenditure consists of spending on real goods and services purchased from outside suppliers, spending on employment in state services, such as administration, defense and education, spending on transfer payments, to prisoners, the unemployed and the disabled; spending on subsidies and grants to industry and payment of debts interest. Adams (2013) The financial sector is that portion of the economy whose activities are under the control and direction of the state. The state owns all the resources and use it either to the well being of the ruling class or for the welfare of the society as a whole.

Adams, also explained the need to know the modus operandi of state government fiscal policy. Thus one must be aware of the factors that affect public finance such as taxation, expenditure and public debt, which affect the states' finance positively or negatively.

State government face business challenges such as political, economic, social and demographic change, legal and intergovernmental matters. (icma.org, 2021). Therefore. to operate effectively the Rivers State Government must take cognizance of these factors that enhance or affect its fiscal policy.

In Nigeria, the states governments do not generate their own fund rather they depend on the federal government monthly revenue allocation and what they receive in most cases are not enough to provide for the financial needs of the state. The few states that generate revenue rely on taxation from firms, private sector, and individuals with the attendant challenges of tax evasion. It is pertinent to mention the recent tax imbroglio between the Rivers State government and the Federal Inland Revenue service (FIRS) whereby the Rivers State were awarded the right to collect VAT accruing from business operations within the state.

The State governments in Nigeria take payment of taxes seriously so as to generate sufficient funds to execute government projects or expenditures.

Since government at all levels pursue taxation vigorously to generate fund they aspire to make policies which put the necessary machineries in motion to achieve their objective and obtain their most valuable resources which is revenue – money to effectively execute government projects (expenditures). Consequently the aim of this study is to examine the relationship between public financial management (exclusively revenue, public budget) and effectiveness (government expenditure) in ministry of finance Port Harcourt Rivers State in order to understand their relationship. This study became necessary because government expenditure is dependent on availability of public fund. Therefore, for government expenditure (projects) to be effectively executed adequate fund must be made available through well planned tax system and other sources of revenue.

To achieve the above purpose the following questions and hypotheses were empirically postulated. What is the relationship between revenue and expenditure? What is the relation between public budget and expenditure? The hypotheses we tested indicated the following: there is no significant relationship between revenue and expenditure and there is no relationship between public budget and expenditure.

Subsequently, this study is divided into six (6) sections. The introduction, proceeding to the literature review treated with the theoretical (background) and conceptual clarification of public financial management in relation to the government revenue and budgetary control as well as government expenditure. Section three entails the methodology supported in the paper, while section four, five and six contains data analysis/result, discussion of findings and conclusion/recommendations.

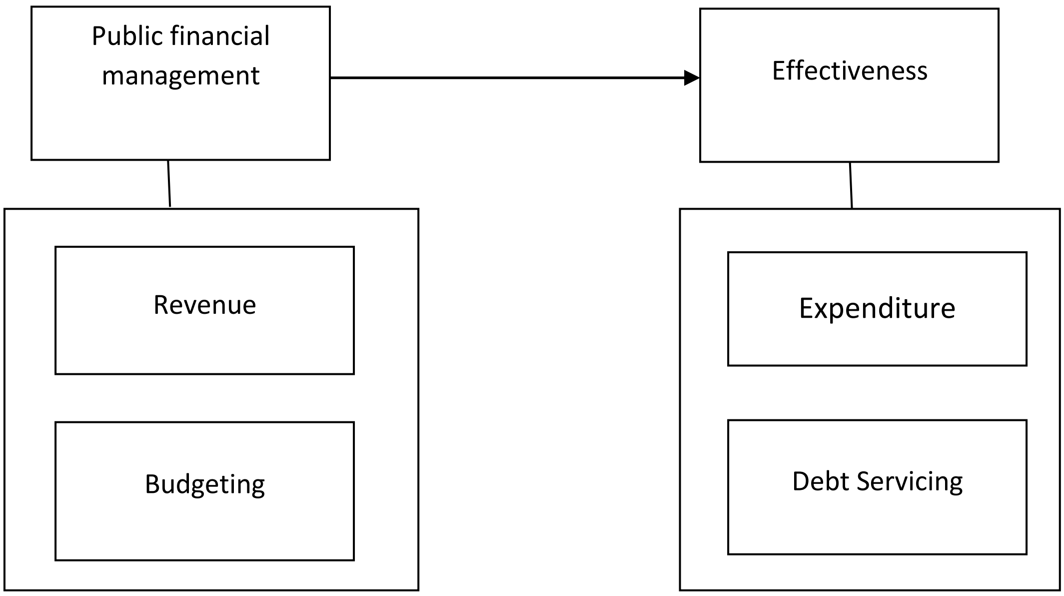
2. LITERATURE REVIEW

2.1Theoretical Framework

This research assumes the law of increasing state activities theory. A German economist postulated this theory (Wagner, 1890) and the displacement theory by (Wireman andPeacock,1961). The Law of increasing state activities views government activities grow both intensively and extensively. Consequently, a functional relationship exists between the growth of an economy and growth of government activities and that the governmental sector grows faster than the economy. Hence, all kinds of governments irrespective of their level, intentions and sizes had exhibited the same kind of tendencies of increased expenditure.

While the displacement theory upholds the view that public expenditure does not increase in a straight or continuous manner, but in 'Jack or Stepwise' fashion. They opined that sometimes other disturbances occur which show the need for increase in expenditure which the existing level revenue cannot meet. Therefore, public expenditure increases will make the inadequacy of the existing level of revenue clear to everyone. The movement from the initial and low level of expenditure and taxation to a new and higher level is known as the "displacement effect", while the inadequacy of the revenue as compared to the required expenditure creates the inspection effect they are of the view that both the government and the people would attain a new level of tax tolerance by reviewing the revenue position and finding solution to the problem of inadequate revenue. Since each major disturbance or changes always lead to government larger proportion of the national economic activities, the net result is the "concentration effect". Therefore, concentration effect is the tendency for the government activities to grow faster than the economy. Thus the government should seek a way to increase her revenue base in order to be adjudged as effective.

2.1.1 Conceptual Framework



2.2 The Concept of Public Financial Management

Finance is very important to the sustainability of any government and especially for the Rivers State Government. Public financial management (PFM) refers to the set of laws, rules, systems and processes used by sovereign nations (and sub-national governments) to mobilize revenue, allocate public funds, undertake public spending, account for funds and audit results. It encompasses a broader set of functions than financial management and is commonly conceived as a cycle of six phases, beginning with policy design, Budget formulation, budget approval, budget execution, accounting and ending with external audit and evaluation. (http://gsdrc>professional-dev.) There are large number actors that are outside the "PFM cycle" that ensure it operates effectively and transparently, whilst preserving accountability. The actors which are civil society, political parties, the legislature, internal audit, procurement boards, accountant General's Department, the legislature Academic Research bodies.

However, this study is limited to the policy (revenue) and budget formulation which are discussed as follows:

Sapru (2012) stated that public policy is what a government chooses as guidance for action. For instance, public policy on revenue generation. In Nigeria there are several revenue policies set to solve the revenue problems. (Adam, 2013) stated that Revenue sharing in Nigeria is saddled with series of problems. This arises from the fact that states lack the authority either to raise tax or to collect the proceeds and how it should be shared. Reasons that gave rise to revenue allocation problems in Nigeria. They are political and economic instability, constitutional framework, financial weakness, and insincerity. These gave rise to various committees to resolve the problems.

Revenue allocation is hinged on the policy of the Federal Government of Nigeria. Nigeria has had about Nine Revenue allocation formulas from the Philipson Commission in 1946 to the National Revenue Mobilization Allocation and Fiscal Commission headed by Lt. Gen. T. Y. Danjuma (Rtd.) in 1989. The highlights of this formulation were (i) Derivation and (ii) Even development.

i) Derivation: This principle asserts that the state from which the bulk of revenue is obtained should receive an extra share above what other states receive.
ii) Even Development: The notion of this principle requires that growth development be spread so that serious inequalities or imbalances are reduced in the federation (Adams 2013).

Public Revenue matters are enshrined in Section 162 of the 1999 Constitution of the Federal Republic of Nigeria as amended. While Sec. 162 (1) and (2) explains how the funds accruing to the "Federation Account" are distributed to the various states of the Federation. Section 162(2) second paragraph stated that the principle of derivation shall be constantly reflected in any approved formula as being thirteen percent (13%) of the revenue accruing to the federation account directly from any natural resources.
This is the major source of Rivers State government revenue.

Section 162(3) also noted funds standing to the credit of the Federation Account shall be distributed among the federal and state governments and the local government councils in each state on such terms and in such manner as may be prescribed by the National Assembly. Other sources of revenue accruing to the states of the federation and Rivers State in particular, are also found in the CFRN, 1999 section 163 – allocation of other revenues. This is specified in item D of part II of the second schedule to this constitution – the net proceeds of tax or duty shall be distributed among states on the basis of derivation and accordingly.

a) Where such tax or duty is collected by the government of a state or other authority of the state, the net proceeds shall be treated as part of the consolidated revenue fund of that state by the government of the federation or other authority of the federation, there shall be paid to each state at such times as the national assembly may prescribe as a sum equal to the proportion of the net proceeds of such tax or duty that are derived from that state.

   Subsequently, the public budget consists of public budget factors that exist in a public sector organization as the ministry of finance Rivers State. Public budget or a government budget is a formal agreement that stipulates how much revenue will be raised, the sources of this revenue, and how the revenue will be spent. In most polities, "the budget" is actually a collection of policy agreements that stipulate tax laws and spending levels for specific programs, rather than a comprehensive all-inclusive document. W. Mark Crain.

   The managers of public financial management in Rivers State Ministry of Finance must understand the use of the budget in order to perform effectively and efficiently.

2.3The Concept of Effectiveness

Effectiveness is the result of making decisions that had to do with doing the right things which help fulfill the mission of an enterprise. (http://link.springer.com). Managerial effectiveness is related to the total productivity of a firm's resources, not just labor or materials or energy or any other partial factor of performance. While effectiveness (doing the right things) is critical, productivity also requires efficiency (doing things right). (Holt: 1990).

Thus, the Rivers State Ministry of finance must effectively use the resources allocated to them and the internally generated resources to execute their fiscal projects and enhance the well-being of the citizens of the state. Managers of public funds must efficiently use resources for the greatest results.

Consequently, the Rivers State Ministry of finance must ensure quality workmanship, quality use of public funds and quality decision making to add to total productivity of the state thus improving the welfare of her citizens. When this is done national productivity increases which attest to the fact that resources have been effectively utilized.

(Nwachukwu, 2009)succinctly, describes managerial effectiveness from the point of efficiency. Efficiency, in a productive enterprise is defined as E = O/1 where E is efficiency, O is output, and 1 is input. A society measures the efficiency of a manager by measuring how well the manager of a given firm has accomplished a predetermined objective. The objective of a manager in an on-going firm is to optimize the yield from resources in the firm. Thus, the manager to achieve effectiveness focuses on opportunities like governor Wike of Rivers State to produce revenue, *-the VAT saga*, to create market, and to effect changes on the economic characteristics of existing products. Management scholars use the terms efficiency and effectiveness. To achieve minimum results for survival is efficiency, but effectiveness is the foundation of success. As Peter Drucker puts it, efficiency is concerned with doing things right. *Effectiveness is doing the right thing.*

2.4 Revenue

Government revenue refers to the revenue of the government financed by means of participating in the distribution of the social products, which is the financial resources of ensuring the government function.

The content of government revenue has been changed several times. Now it includes the following main items;

i) Various tax revenues, including value added tax, business tax, consumption tax, land value added tax, tax on city maintenance and construction, resources tax, tax on use of urban land, enterprise income tax, tariff, stamp tax on purchase of motor vehicles, tax on agriculture and animal husbandry and tax on occupancy of cultivated land.
ii) Special revenues, including revenues from the fee on sewage treatment, fee on urban water resources, fee for the compensation of mineral resources and extra-charges for education.
iii) Other revenues, including the repayment of capital construction loan, revenue from capital construction project, and donations and grants.

Value-added tax (VAT) An indirect tax levied on goods or services as a percentage of their value added. The customer pays vat on purchases in addition to the normal price; the seller then pays the government VAT collected on sales less the VAT they have paid on purchased inputs. VAT is levied in many countries: it was introduced in the UK in 1973. Goods may bear VAT at different rates. Some goods, for example food in the UK, are exempt, and VAT is not payable by businesses with turnover below some minimum level. (black, 2003).

2.4.1 Generating Revenues

The Governor of Rivers State, His Excellency, Ezenwo Nyesom Wike took the bull by the horn by challenging the Federal Inland Revenue Service (FIRS) legally who hitherto had been collecting tax– Vat supposedly due to the Rivers State Government. This action of Governor Wike, aroused other state governments like Lagos State and Ondo State who are now demanding their VAT revenue from the Federal Inland Revenue Service (FIRS). VAT controversy lingers; multiple cases create uncertainty over collection, sharing of August remittance. (The Nation Wednesday 22, 2021) reported as; there were questioning yesterday over whether the Federal Government would share the Value Added Tax (VAT) for August to states.
Rivers State has urged the Court of Appeal to order the appointment of a receiver/manager over VAT pending the determination of an appeal by the Federal Inland Revenue Service (FIRS) against the Federal High Court judgment empowering states to collect VAT. Lagos has also prayed the appellate court to stop the FIRS from further sharing the revenue to states until the case is determined in order to preserve the res (subject-matter). On Monday, the Attorney-General of the Federation Abubakar Malami (SAN), through his spokesman Dr. Uma Gwandu, said VAT should be remitted to FIRS in line with the Court of Appeal order that status quo *antebellum* be maintained.

Rivers has gone to the Supreme Court to challenge the status quo order. Lagos State Government yesterday said it is not satisfied with the AGFs position. Responding to enquiry, Commissioner for Information and Strategy Gbgenga Omotosho told the Nation “Satisfied”? No. we are studying the situation we will react appropriately; Ondo State Governor Olu-Qlarotimi Akeredolu said VAT collection by states was the way to go. The Gombe State Governor, Muhammadu Inuwa Yahaya said exploration of Kolmani oilfield exploration has become imperative with the clamour by some states to collect and retain the Value Added Tax, VAT.

"Based on feedback from our executive secretaries' status is still the same".

Other sources of revenue to Rivers State government is the 13% derivation fund from the Federation Account enshrined in the 1999 Constitution of the Federal Republic of Nigeria (as amended)and by the Federal Revenue Mobilization Allocation of 1989. Other states of the Federation also derive their monthly allocation from(FRMA, 1989) as per their derivation sharing formula.

2.5 Budget

Government budget, forecast by a government of its expenditures and revenues for a specific period of time. In national finance, the period covered by a budget is usually a year, known as financial or fiscal year, which may or may not correspond with the calendar year.

The word budget is derived from the Old French *bougette* "little bag". When the British Chancellor of the Exchequer makes his annual financial statement, he said to "open" his budget, or receptacle of documents and accounts.

Government budgetary institutions in the West grew up largely as a result of the struggle for power between the legislative and executive branches of government. With the decline of the feudal system, it became necessary for Kings and Princes to obtain resources for their ventures from taxation rather than dues, with the disappearance of the old feudal bonds, taxpayers demanded to be consulted before they were taxed. In England, this was written into Magna Carta (1215) which stated.

"No Scuttage or aid shall be imposed in the Kingdom unless by common counsel of our Kingdom, except for ransoming our person, for making our eldest son a Knight, and for once marrying our eldest daughter, and for these only a reasonable did shall be levied".

In the 20th century a high proportion of economic activity is controlled, directly or indirectly by various levels of government (Federal, or central, state, local). Thus, the budget has taken on a number of other functions as well as the simple monitoring of the overall revenue and expenditure of government.

Public sector budgeting is the process by which the public sector goes through in the preparation of financial plans that facilitate the implementation of strategies of achieving the objectives of an entity in a specified period. Budgeting within government is important because it supports government projects and programmes and it involves financial decisions so that departmental goals are reached such as service delivery goals. Most importantly, the effective implementation of a budget depends on the budgeting system within a country.

A government budget is a document prepared by the government and/or other political (inheritance tax, income tax, corporation tax, import taxes) and proposed spending/expenditure (healthcare, education, defence, roads, state benefit) for the coming financial year. This types of budgets are depending on these estimates are classified in three categories; balanced budget, surplus budget and deficit budget

(Morrice, 1982) stated that the budget is the most powerful single instrument of government economic policy. Its purpose is not simply to raise revenue to meet government spending, it is principally to regulate the national economy. Government Annual Budget consists of revenue budget, recurrent revenue, capital budget, expenditure budget, recurrent expenditure and capital expenditure.

(Morrice, 1982) (Chron Contributor, 2020). Revenue budgets are forecasts, including capital – related expenditures. The components of revenue budget are the number of units sold, sales revenue, capital expenses and operational expenses. Revenue budgets ensure that businesses efficiently allocate resources and in doing so they save time, effort and money. Revenue budget of government comprises of revenue receipts and the expenses that need to be met with the revenue receipts.

(Oshisami, 1993) Budget execution denotes action and control. He states that the aim of the budget is to have end result as close as possible to what is intended or planed for.

A budget is a financial and/or quantitative statement, prepared and approved prior to a defined period of time of the policy to be pursued during that period for the purpose of attaining a given objective. It is not simply an estimate; *it is a plan* (Buyers and Holmes, 1979).

Buyers and Holmes further expressed that; budgetary control is a means of control in which the actual state of affairs is compared with that planned for, so that appropriate action may be taken with regard to any deviations before it is too late. Expressed more precisely; Budgetary control is the establishment of budgets relating to the responsibilities of executives to the requirements of a policy, and the continuous comparison of actual with budgeted results either to secure by individual action the objective of the policy or to provide a basis for its revision.

2.6 Expenditure

Government expenditure refers to the distribution and use of the funds the government finances has raised, so as to meet the needs of economic construction and various causes. It includes;

(i) Expenditure for capital construction: It refers to the non-gratuitous use and appropriation of funds for capital construction in the range of capital construction, outlay of capital as well as the loan on capital construction approved by the government for special purpose and the expenditure with discount paid in an overall way with the amount of the funds appropriated to the departments for capital construction.

(ii) Innovation funds for the enterprise: They refer to the funds appropriated from the government budget for the enterprises to tap the latent power, upgrade the technology and carry out innovation, including the innovation fund of the departments loan of the enterprises for innovation of the small fertilizer plant, small cement plant, small coal mines, small machinery plant and small steel plant, the expenditure of interest for the loan for innovation. Others are;

(iii) Geological prospecting;
(iv) Expenditures for science and technology
(v) Expenditures for supporting rural production
(vi) Operating expenses of the departments of farming, forestry water conservancy and meteorology and;
(vii) Operating expenses for department of industry, transport and commerce
(viii) Operating expenses of the department of culture, education, science and public health and;
(ix) Pension for disabled or for the families of the bereaved and relief funds for social welfare.

Capital expenditure (Lyson and Farrington, 2006) stated that from the accountancy standpoint, expenditure on capital equipment results in the acquisition of fixed rather than current assets. One useful definition of capital expenditure than those already quoted is; all expenditure is expected to produce benefit to the firm over a period longer than the accounting period in which the expenditure was incurred.

2.7 Debt Servicing

(Black, 2002) expressed debt servicing as the payments due under debt contracts. This includes payment of interest as it becomes due, and redemption payments. Where debt is long-dated, a large proportion of debt service consists of interest payments. Where debt is short dated, most debt service consists of redemption payments. If an individual, firm or country has difficulty in servicing debt, the shorter-dated are, the worse their problems. Debt service problems can thus be eased if creditors can be persuaded to convert short-dated into longer-term debt.

(Staffs of the IMF, 2001) explained that sovereign public debt management is the process of establishing and executing a strategy for managing the government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals. The government may have set, such as developing and maintaining an efficient market for government securities. In broader macroeconomic context for public policy, governments should seek to ensure that both the level and rate of growth in their public debt is fundamentally sustainable, and can be serviced under a wide range of circumstances while meeting cost and risk objectives. (Alesina. A, de Broeck. M, Prati. A and Tabellini, 1992).

A government's debt portfolio is usually the largest financial portfolio in the country; it often contains complex and risky financial structures, and can generate substantial risk to the government's balance sheet and to the country's financial stability. As noted by the (Financial stability Forums Working Group on Capital Flows, 2000) recent experience has highlighted the need for governments to limit the build-up of liquidity exposures and other risks that make their economies especially vulnerable to external shocks.

The main objective of public debt management is to ensure that the government's financing needs and its payment obligations are met at the lowest possible cost over the medium to long-run, consistent with a prudent degree of risk.

(Nwikina, C. G., 2004). Debt servicing refers to making and principal payment on debt, which fail due. According to Nwikina between 1991 – 2001, Nigeria made the highest level of debt service payment amounting to the sum of $3,435.00 million, US dollars.

Currently, the Federal Government of Nigeria has spent a total of N1.8 trillion on debt servicing in the first five months of this year, representing about 98% of the total revenue generated in the same period. This is according to the budget implementation report presented by the Minister of Finance, Budget and National Planning, Mrs. Zainab Shamsuna Ahmed. A cursory look at the data revealed that the total aggregate revenue generated by the federal government between January and May 2021, stood at N1.84 trillion, representing a shortfall of N1.48 trillion compared to the expected revenue of N3.32 trillion.

Nigeria's debt servicing in the period represents 37% of the total N4.86 trillion expended by the Federal Government year-to-date, while N1.5 trillion was spent on personnel costs, including pensions. From the foregoing, my advice to the Federal government is to limit build-up to liquidity exposures and other risks, like excessive borrowing that will make her economy especially vulnerable to

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external shocks. To the Rivers State Government in particular, the government should ensure that her financial needs and payment obligations are met at the lowest possible costs. This will guarantee timely payment of personal emoluments and pension which appear to be the Achilles heel of the Rivers State government.

3.0 METHODOLOGY

In this study, the type of design adopted is the cross-sectional design. This is appropriate for the study since the setting is not under the researcher's control. The design is applicable for this study which is to explore the relationship between public financial management and effectiveness in the Ministry of Finance, Rivers State, Nigeria. The target population of this study is the financial managers, and supervisors in Rivers State. Since the study is at the ministry of finance level (macro-level), the questionnaire which was used as the research instrument was distributed to 3 sections of the ministry of finance, cash/bank section, payroll section, and audit section in each of the sections sum up the questionnaire distributed to a total of 62 supervisors and managers. Considering the small population size, the entire population of 62 was studied.

The studied effective manager's sections are cash and bank section, payroll section, and audit section. The question is a five-point Likert questionnaire which consists of three questions and five respondents' choices with point scales ranging from 1 to 5. 1 - strongly disagree 2 – disagree; 3 – indifference; 4 – agree and 5 – strongly agree for each of the dimensions and measures of the study variable.

Public financial management was operationalized using revenue and public budget while effectiveness was operationalized using expenditure. The validity of the questionnaire was tested using face and content validity while the reliability of the instrument was done using Cronbach's Alpha which shows Cronbach's alpha test: This test proceeds by associating each measurement item with every other measurement item and obtain the average intercorrelation for all the paid association. Cronbach's Alph value is greater than 0.7. characteristically, the reliability result is as follows:

4.0 DATA ANALYSIS AND RESULT

Out of the 62 questionnaires distributed, 58 were retrieved representing (94%) of which 4 (2.5%) were not properly filled, thus it was discarded and the remaining 54 (87%) of the retrieved questionnaire became useful which saved as the basis for our analysis. Collected data were analyzed using Spearman's Rank-Oder Correlation Coefficient (rho) with the aid of a statistical package for social science (SPSS) at a significance level of 0.05.The 0.05 significance level was used as a criterion for either accepting the alternative hypothesis at PV less 0.05 as well as using multiple regression analysis.

Table 1 below shows the descriptive statistics of the correspondents. Gender indicates that there are more male respondents 32 (57.6%) than female respondents 23 (42.4%). Marital status shows that 27 (49.4%) of the study respondents are married while 19(34.6%) are single, followed by those who are divorced and widowed 3 (5.8%) and 5 (9.2%) respectively. Age distribution shows that 11 (20.7%) respondents are between the ages of 20 – 35 years, 23 (42.7%) respondents are between 36 – 50 years while 20 (36.6%) respondents are equal to or greater than 51 years of age. Years of experience indicates that most of the respondents have spent between 6-10 years 24 (43.9%) with their organization, followed by respondents who have 11 years and above of experience 18 (33.4%) and lastly those who have 0 – 5 years of experience 12 (22.7%). Educational qualification distribution shows that 27 (49.5%) have obtained B.Sc. or its equivalent as their highest academic qualification, 21 (38.3%) have obtained M.Sc. as their highest academic qualification while 6 (12.2%) are PhD. Holders. Thus, it could be concluded that the study respondents are highly educated.

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Table 4.1: Analysis of Demographic Profiles of Respondents

Variable	Item	Frequency	Percent (%)
Gender	Female	23	42.4
	Male	31	57.6
Marital Status	Married	27	49.4
	Single	19	34.6
	Divorced	3	5.8
	Widowed	5	9.2
Age	20 – 35 Years	11	20.7
	36 – 50 Years	23	42.7
	51 Years & Above	20	36.6
Years of experience	0 – 5 Years	12	22.7
	6 – 10 Years	24	43.9
	11 Years & Above	18	33.4
Educational Qualification	HND/B.Sc.	27	49.5
	MSC	21	38.3
	PhD	6	12.2

Source: Field Data, 2021.

4.1 Data Analysis

The section focuses on the relationship between the facets of public financial management (public revenue and public budget) and effectiveness in ministry of finance, Rivers State. The relation test was performed using simple linear regression which is based on a significance rate of 0.05. The relation test was performed using simple linear regression which is based on a significance rate of 0.05 thus the decision rule: reject null hypothesis if p-value obtained is less than the alpha value of 0.05 and accept the null hypothesis when p-value is greater than the alpha value (0.05).

Ho_1: There is no significant relationship between public revenue and effectiveness

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.715[a]	.511	.509	.86478	.511	272.742	1	261	.000

a. Predictors: (Constant), Effectiveness
SPSS output, Version 26

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	203.969	1	203.969	272.742	.000[b]
	Residual	195.187	261	.748		
	Total	399.156	262			

a. Dependent Variable: Public Revenue
b. Predictors: (Constant), Effectiveness
SPSS output, Version 26

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	Upper Bound
1	(Constant)	.848	.166		5.095	.000	.520	1.176
	Flexibility	.713	.043	.715	16.515	.000	.628	.798

a. Dependent Variable: Public Revenue
SPSS output, Version 26

The result shows a moderately positive statistically significant relationship between public revenue and effectiveness (0.714). This implies that public revenue which is a dimension of public financial management accounts for 51% variation in effectiveness of the ministry of finance in Rivers

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State. The Anova table indicates that the regression model significantly predicts the dependent variable. The results reveal that the regression model statistically and significantly predicts the outcome of the variables where P = 0.000 which is less than 0.5. The Coefficient table shows a positive relationship between the variables. The null hypothesis was rejected and the alternate hypotheses accepted. Thus, public revenue significantly influences effectiveness of the ministry of finance in Rivers State.

Ho_2: There is no significant relationship between public budget and effectiveness.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.846[a]	.716	.715	.65868	.716	659.007	1	261	.000

a. Predictors: (Constant), Effectiveness

SPSS output, Version 26

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	285.918	1	285.918	659.007	.000[b]
	Residual	113.238	261	.434		
	Total	399.156	262			

a. Dependent Variable: Public Budget

b. Predictors: (Constant), Effectiveness

SPSS output, Version 26

Coefficients[a]

Model		Unstandardized Coefficients: B	Std. Error	Standardized Coefficients: Beta	t	Sig.	95.0% Confidence Interval for B: Lower Bound	Upper Bound
1	(Constant)	.436	.124		3.510	.001	.192	.681
	Cost	.868	.034	.846	25.671	.000	.801	.934

a. Dependent Variable: Public Budget

SPSS output, Version 26

The result shows a strong positive statistically significant relationship between public budget and effectiveness (0.846). This implies that public budget which is a dimension of public financial management accounts for 71% variation in effectiveness of the ministry of finance in Rivers state. The Anova table indicates that the regression model significantly predicts the dependent variable. The results reveal that the regression model statistically and significantly predicts the outcome of the variables where P = 0.000 which is less than 0.5. The Coefficient table shows a positive relationship between the variables. The null hypothesis was rejected and the alternate hypotheses accepted. Thus, public budget significantly influences effectiveness of the ministry of finance in Rivers State.

5.0 DISCUSSIONS OF FINDINGS

The findings of the relationship between public financial management (public revenue and public budget) and effectiveness (market share) were observed to be significant at a 72% confidence interval. The results indicate that there is a significant relationship between the studied variables. The global economy is looking brighter, hence Nigeria as one of the giants of African economies and the Rivers State Government in particular must continue to strengthen, arrangements for good governance and strong public financial management (PFM) are in place. (Fawcett, 2018). The Chartered Institute of Public Finance and Accountancy (CIPFA) stated that the public financial development system is an essential component to building sustainable public services in emerging economies like Nigeria. A whole system thinking provides a framework for all aspects of public financial management, including budget execution, financial reporting, and security to boost service delivery at the country, regional, and entity level (CIPFA, 2018). When Nigeria and Rivers State make progress in surmounting the challenges of transparency, accountability, corruption, and poor delivery, the more effective she will become in managing public finances.

In agreement with our finding which Gillian Fawcett June 14, 2018, IFAC Int'l Federation of Accountants shows a positive and significant relationship between public Revenue and market share, IFAC/CIPFA International Framework: opined that good Governance in Public sector explains that implementing transparency, reporting and audit good practices deliveries improved services and effective accountability. Therefore, managers should pay major attention to the management of public revenue to effectively spend public funds judiciously to bring the dividend of democracy to the people.

An increase in tax, royalties, vat charges are geared to increasing government revenue, thus providing more funds for the general welfare of the public employees, and consumers which affect the market share (effectiveness) of the MOF Rivers State, positively. For instance, a rise in VAT; personal Income Tax, royalties from oil spillages will increase the funds, to enable the Rivers State to pay salaries and other essential services.

In addition, our findings on the relationship between public budget and market share shows a positive and significant relationship. Adams (2013) expressed that any action of the government which increases expenditure must be backed up by; an estimate of the budgetary or financial impact in the year it becomes effective.

In many factors that influence the market share of the citizens, the Rivers State MOF is expected to devise more avenues of generating funds to boost the power of spending or expenditure of the state. Happily, this is what Governor Wike of Rivers State dud recently when he won the case of payment of Tax-VAT against the FIRS. This ensures more money for Public Expenditure and services to the Rivers People.

6. CONCLUSION

From the findings from the analysis of collected data we therefore conclude that there is positive and significant relationship between public financial management and effectiveness in ministry of finance, Port Harcourt, Rivers State, Nigeria.

Specifically, public revenue and public budget have positive and significant relationship with market share respectively in the Ministry of Finance, Rivers State, Nigeria. Thus the MOF effectiveness will depend on its ability to employ public financial professionals to ensure that the state achieve their goals, good governance, high-quality accounting standards, and leadership will be critical in ensuring strong PFM.

7. RECOMMENDATION

Based on the findings, the study recommends the following: The Ministry of Finance, Rivers State should ensure effective source of monthly and annual revenue/income. The MOF must ensure a well-prepared budget and budgetary control. The MOF, Rivers State must ensure well prepared periodic audit and financial statement and must be held responsible to account for all public expenditures.

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